

# Implementing Ghana's NDCs - Challenges and solutions for mobilising the private sector

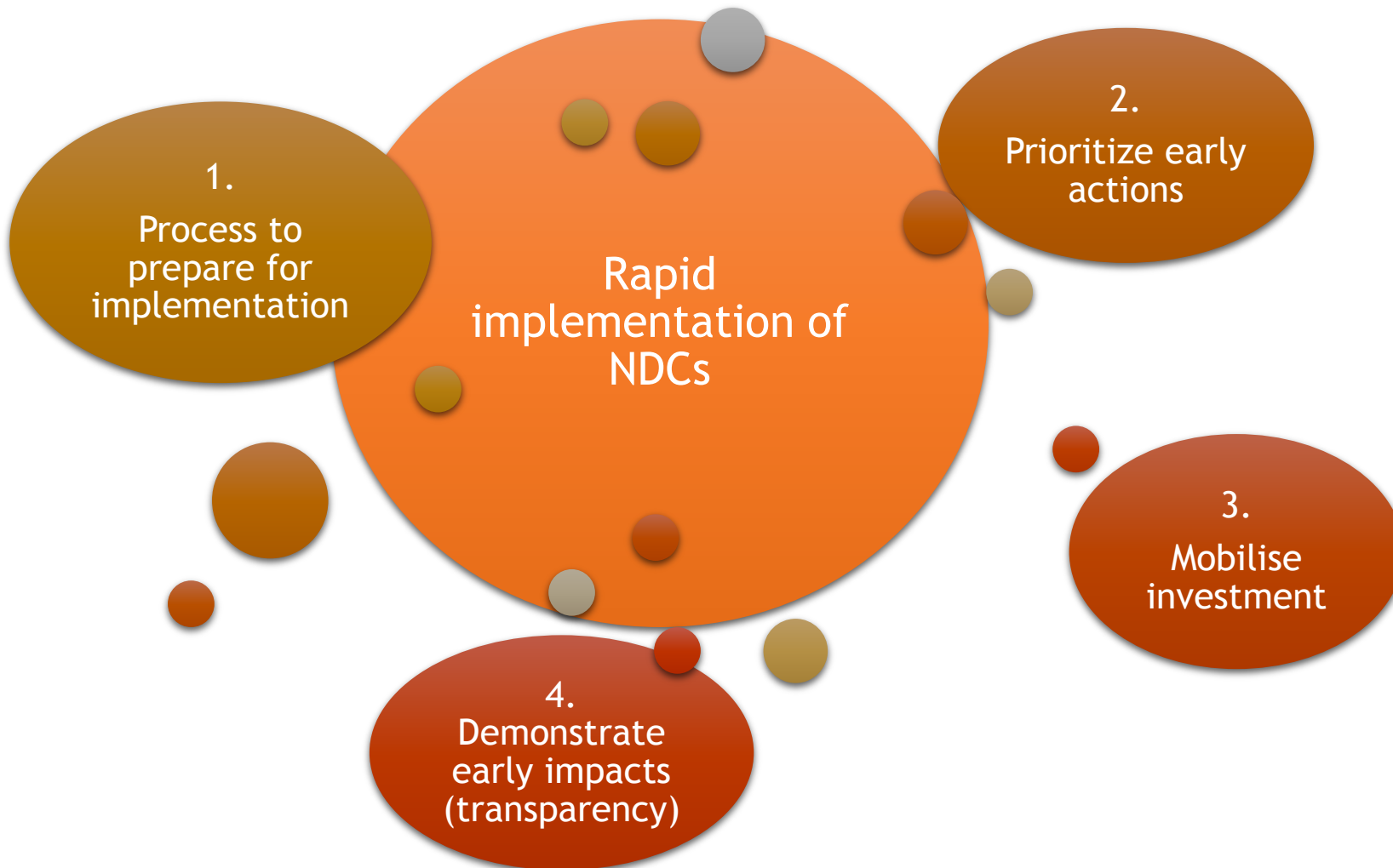
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## Context

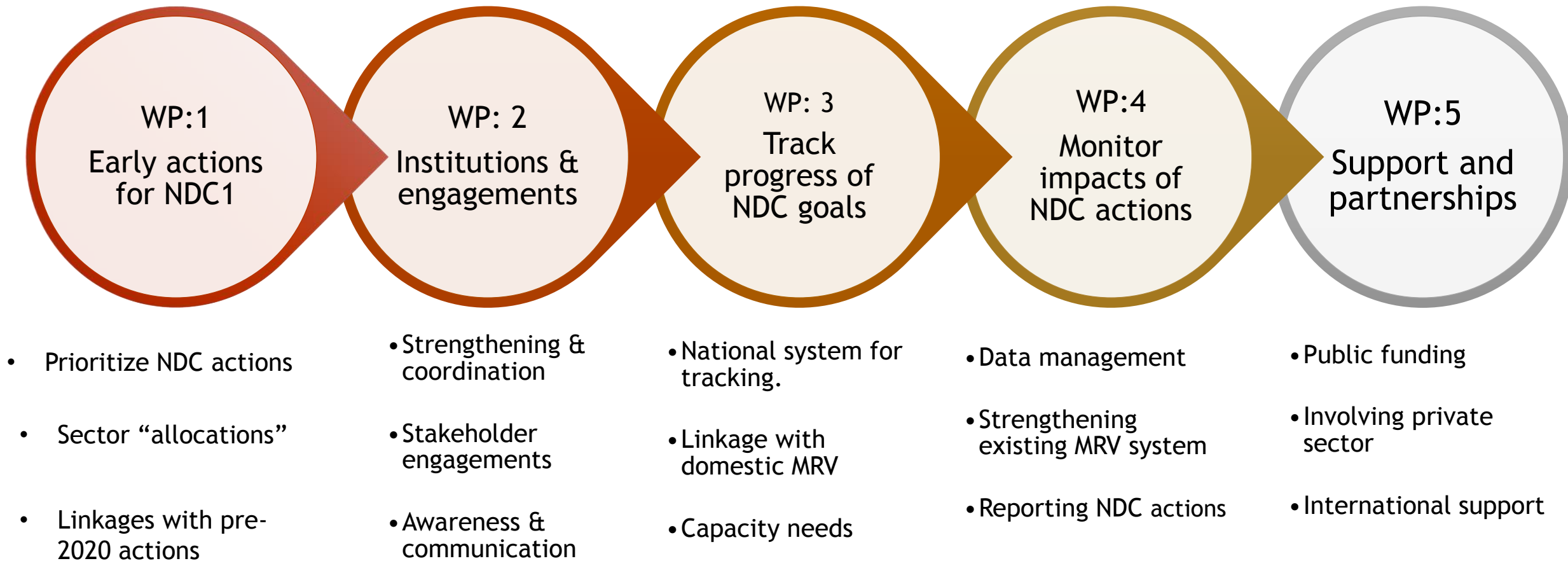
- 2016 is cited as the “Year of Implementation” for delivering on the three international agreements of 2015
  1. the Sustainable Development Goals (SDGs)
  2. Financing for Development
  3. Paris Agreement (PA)
- Meeting national targets demand effective collaboration with required technical, dynamic, and effective teamwork among the government, private sector, and development partners with the required political support

# Next steps for Ghana's NDC implementation

*(10-year agenda towards a future sustainable, resilient and low carbon Ghanaian society)*



# Building blocks for NDC implementation



## **Need for Private Sector Engagement**

- The role of the private sector in achieving a low-carbon economy in Ghana cannot be under-estimated
- Successful engagement of the private sector entails building implementation partnerships with the private sector across the spectrum of expertise, services, equipment, and finance.
- However, both National Governments and Local Authorities are struggling with the challenge of how to engage the private sector to play a key role in the climate change agenda in-country

## Key Challenges of the Private Sector

- Limited capacity of financial institutions and project developers to develop, structure and negotiate bankable mitigation projects
- Regulatory burden for developers compounded by absence of a one-stop center
- Lack of commitment to enforce approved regulatory and legal frameworks
- Policy uncertainty (inconsistencies long-term and lack of clarity of mitigation policy)
- Perceived investor risk related to mitigation projects in Ghana (need to take opportunity of scale. Banks usually focus on short-term return investment portfolios)

## Key Challenges Cont.

- High up-front cost of mitigation technologies to develop mitigation projects (lack of motivation for private sector as they go through long and complex access regime)
- Inadequate financing and high capital (rising interest rates) and business operation cost (high taxes and tariffs)
- Lack of motivation to invest in mitigation due to negative carbon pricing policy (weak performing international carbon markets)

## Some Opportunities/Solutions

- NDC promises to provide consistent policy certainty with mitigation targets
- Banks started showing interest to develop innovative finance products particularly to respond to the international climate funds
- The concept of establishing or consolidating existing funds into a national climate/green funds will help to increase access to domestic/international public funds as leverage for private capital
- Issue of climate/green bonds or risk guarantees instruments (including equity portfolio).



## **Opportunities/Solutions cont.**

- Promotion of technology-specific market development with public policy instrument (RE market –establishment of RE policy target, REFit, RE Fund, RE Guarantee Off-taker agreements, innovative finance regime eg. Incentive for self-finance rooftop Solar PV programme).
- Establishment of mitigation start-up or small business incubation hubs (eg. Ghana climate technology innovation center focusing on small business, match-making, project development)
- Strategic access to international climate-related funds (GCF, CIF, GEF, Africa renewable energy initiative, NAMA facility, etc) sends positive signal to private sector that mitigation projects can truly work at scale

Thank you